

Memo

To: City Council
From: Barbara B. Matthews, City Manager
Date: July 18, 2005
Re: Community Center Financial Report

Attached is a current financial report for the Community Center project. There are several factors related to the financial report that I wanted to call to your attention.

Revenues

The report reflects project revenues of \$11,806,729. This figure remains unchanged from the report distributed on June 13, 2005.

Since that time, the City Council endorsed staff's recommendation to allocate \$122,324 of the Program Open Space (POS) funds for FY06 to the Community Center project. The Board of Public Works previously approved the use of POS funds for the project and, therefore, staff does not anticipate any difficulty in receiving approval for the requested allocation. Pending formal approval by the Board of Public Works, this amount has not been included in the project revenue summary,

As previously discussed, the City realized significant savings through the execution of a new contract for health insurance. A portion of the savings was utilized for expenditures associated with the City's new contract with Local 400. The remainder equals approximately \$40,000.

During the week of July 11th, the City was notified that its costs for general liability, automobile, and property insurance coverage through the Local Government Insurance Trust would be less than anticipated for FY06. The reduction resulted from a "membership credit" as well as a return of surplus due to the Trust's positive claims experience. The City's payment for FY06 will be approximately \$70,000 less than the budgeted amount.

How these funds will be used is a matter to be determined by the City Council. In its discretion, the City Council could elect to utilize these funds for the Community Center project.

Expenditures

The projected amount for architectural services and utility company fees has been increased. The figure for utility company fees reflects Verizon's cost for relocating service to the building, which the City recently received.

Also, project-related costs for the trailer rental and the installation of voice and data cables in the new space have been added. The trailer rental cost has been recorded in the Community Center Fund; however, it had not been shown on prior financial reports.

Proposed Change Orders

The City received an updated Proposed Change Orders (PCOs) log from the contractor on July 15, 2005. The information contained in this financial report reflects all items included on the log, as has been my customary practice. These PCOs total \$582,652.

As I advised you in my report of June 20, 2005, the City and the contractor reached agreement on the lineal footage for the additional railing. The contractor subsequently submitted revising pricing of \$52,002 for PCO 1062. The PCO log provided to the City on July 15, 2005 reflects the original amount of \$102,588—a difference of \$50,586. The contractor had requested additional time of ten days and associated extended overhead for this PCO. The city plans to reject this request.

As you know, the City has utilized the services of Jeryl DiPietro of Charron Consulting to review and to render an opinion on many of the unresolved PCOs. On July 5, 2005, I met with representatives of James F. Knott Construction Company to discuss the results of Jeryl DiPietro's review. The City advised the contractor that it was not prepared to accept some of the PCOs as submitted. It was agreed that James F. Knott Construction Company would share the City's analysis with the applicable subcontractor for comment and/or submission of additional documentation.

Many of the subcontractors did not provide additional documentation to substantiate their claim. After reviewing the information submitted by some subcontractors, Ms. DiPietro advised the City that her original analysis remained unchanged. The variance between the amounts proposed by James F. Knott Construction Company and Ms. DiPietro's recommended pricing is \$193,543. It should be noted that Ms. DiPietro's pricing assumes that the City does not grant any time extension or extended general conditions associated with these PCOs. For your information, the contractor requested a contract extension of 48 days and extended general conditions in the amount of \$36,000.

Conclusion

Based on the information currently available, I recommend that the City accept the base bid and Alternate No. 1, 3, and 4. As you may recall, there is a strong possibility that the Montgomery County Department of Permitting Services may require the upgrade to the voice fire alarm system (i.e., Alternate No. 5). Resolution of this issue is anticipated prior to Council action on the bids on September 6, 2005.

Assuming acceptance of the base bid and all alternates except Alternate No. 2 (kitchen), the total cost of the Community Plaza Level bid would be \$888,909. Based on the anticipated allocation of POS funds for FY06 and the projected reduction in the cost of the PCOs reviewed by Charron Consulting, available funding is \$791,515. Assuming no further reduction in the cost of the remaining PCOs, there would be a shortfall of \$97,394. This amount could be paid for out of the budgetary savings for health and other insurance coverage, should the Council so choose.

As we move forward with the Community Center project, it should be noted that there might be other PCOs submitted by the current contractor. Additionally, a contingency for unanticipated costs related to the Community Plaza Level should be considered.

City of Takoma Park
Community Center Financial Report
July 18, 2005
Summary

		Notes
Revenues	\$11,806,729.00	
Less Expenditures to Date	(9,017,227.50)	
Less Projected Expenditures	(1,781,787.72)	
Projected Balance	1,007,713.78	
Less Pending PCO's, and PCO's not submitted	(582,652.00)	Inclusion of these items does not represent City acceptance of items and/or dollar values
Remaining Funding	\$425,061.78	Does not reflect requested POS allocation for FY06 (\$122,324) or projected add-back based on City review of certain PCOs (\$244,129)

Notes: This report reflects known and projected expenditures for the work covered by the City's contract with James F. Knott Construction. This work includes construction of the building addition and the Computer Learning Center and renovation of the upper level of the Municipal Building.

This report does not include the cost of the Community Plaza Level (e.g., the renovation of the main level of the Municipal Building) and any computer equipment or furnishings not funded by the Takoma Foundation. Also not included are previously discussed project enhancements, including the addition of a skylight, an elevator, a sidewalk through the parking lot, and landscaping.

The contractor and the City agreed to defer any action on the contractor's request for extended general conditions and time related to Change Order No. 20 and Change Order No. 21. Days in question are 46.5.

City of Takoma Park
Community Center Financial Report - Revenues

Source	Description	Amount	Total
<i>City Funds</i>	Bond Proceeds FY02 and FY05	\$4,537,572.00	
	Designated Reserve for office changes	\$300,000.00	
	Storm Water Capital Fund	\$200,000.00	
	General Fund (reallocated street improvement funds)	\$383,950.00	
	Year-end Transfer	\$100,000.00	
	Reserve Fund FY04	\$76,696.00	
	Reserve Fund FY05	\$76,696.00	
	General Fund (reallocated street improvement funds) FY05	\$125,000.00	
	General Fund FY05	\$200,000.00	
	Year-end Transfer June 30, 2004	\$200,000.00	
	Sale of real estate on Piney Branch Rd., replaces Storm water fund loan, June 7, 2004	\$400,000.00	
			\$6,599,914.00
<i>County</i>	Montgomery County	\$1,250,000.00	
	Montgomery County FY05	\$750,000.00	
	Montgomery County Storm water matching grant	\$350,000.00	
			\$2,350,000.00
<i>State</i>	State of Maryland	\$1,500,000.00	
	State of Maryland FY05	\$300,000.00	
	State of Maryland FY06	\$350,000.00	
	Program Open Space (DNR)	\$332,365.00	
	Program Open Space (FY05 DNR)	\$125,000.00	
			\$2,607,365.00
<i>Federal</i>	Earmark for Computer Learning Center	\$249,450.00	
			\$249,450.00
	TOTAL REVENUES		\$11,806,729.00

Note: Bond proceeds include \$2,537,572 received in May 2005. Issuance costs = \$62,428.
State monies include recently secured funds in the amount of \$350,000 for FY06.

**City of Takoma Park
Community Center Financial Report - Expenditures**

Vendor	Paid through June 30, 2005	Estimated Future Expenditures	Notes
James F. Knott Construction Co.	\$7,473,044.00	\$1,397,901.00	Reflects Contract Sum as of Payment Application No. 24
Lawrence Abell & Associates	\$965,825.12	\$115,000.00	Paid to Date Includes expenditures in FY01-05
City of Takoma Park Project Manager	\$114,139.28	\$49,965.72	Estimated costs based on salary and benefits for one-half of FY06
Charron Construction Consulting	\$136,795.00	\$70,921.00	Reflects current contract authorization, and additional estimated \$25,000
Watt, Rieder, Hoffar & Fitzgerald, LLP	\$55,813.91	\$10,000.00	Specialized Legal Counsel
Brower, Kriz & Stynchomb, LLC	\$11,307.24	\$0.00	Schedule reviewer
Other Project Consultants	\$57,441.29	\$10,000.00	Expenses for engineering consultant, traffic study, etc.
Storage Facilities and Trailer Rentals	\$32,994.37	\$3,000.00	
Utility Company Fees	\$104,732.95	\$35,000.00	PEPCO, WSSC, Verizon, and Washington Gas
Montgomery County Permit Fees	\$43,432.00	\$40,000.00	Reflects projected cost for review and permit of consolidated drawing for entire Community Center project
Installation of Voice and Data Cables	\$10,227.34	\$5,000.00	
Movers, including Furniture Reassembly	\$5,518.00	\$10,000.00	
Interior Building Signage	\$0.00	\$35,000.00	Estimate includes design and purchase costs
Thayer Electric	\$5,957.00	\$0.00	Work related to Montgomery County electrical inspection
TOTAL EXPENDITURES	\$9,017,227.50	\$1,781,787.72	

**City of Takoma Park
Community Center Financial Report
Pending PCO's, and PCO's Not Submitted**

CO#	PCO	Description	Proposed Amount as of Report Date	Current Status
	1010G	Footing Undercuts	\$13,763.00	Pending
	1038	Plumbing Changes at the intersection of Grant and Maple Avenues	\$15,863.00	Pending
	1061	Barrel Vault Feature	\$6,456.00	Pending
	1062	Additional Railing	\$102,588.00	Pending
	1064	Flood Wall	\$94,206.00	Pending
	1071	Wall Fans in Atrium	\$33,398.00	Pending
	1072	Roof Gauge	\$11,323.00	Pending
	1075B	Mechanical/Plumbing Value Engineering Pricing	\$61,516.00	Pending
	1078	Additional Tube Steel at Mansard Roof	\$7,618.00	Pending
	1079	Change in star patterns in Fritz Tile	\$2,769.00	Pending
	1081	Fire Department Connection	\$5,581.00	Pending
	1082	Changes to Door #12 & #13	\$5,257.00	Pending receipt of shop drawings
	1083	Dormer and Barrel Vault Finish	\$0.00	Not Submitted by JFK
	1085	Delete Trusses	(\$2,423.00)	Pending
	1087	Weatherization for concrete	\$16,915.00	Pending
	1093	Door into Room #200	\$1,855.00	Pending
	1096	Relocation of Ceiling Exhaust Unit #18	\$19,870.00	Pending
	1098	Replacement of Existing Air Handler Unit #9	\$35,054.00	Pending
	1099	Relocation of Duct Work	\$12,793.00	Pending
	1100	Allowance Increase	\$0.00	Not Submitted by JFK
	1102	PEPCO Changes	\$30,877.00	Pending
	1104	Switch Gear Piping	\$50,699.00	Pending
	1105A	Mechanical Inspection Notes--Smoke Detector	\$7,506.00	Pending
	1105B	Mechanical Inspection Notes--Fire Dampers	\$7,871.00	Pending
	1105C	Mechanical Inspection Notes--Float Switches	\$15,094.00	Pending
	1106	Display Case Electrical	\$1,481.00	Pending
	1107	Toilet Accessories	\$0.00	Not Submitted by JFK
	1108	Roof Conditions at Library Connector	\$4,958.00	Pending
	1109	Drain at Pedestrian Bridge	\$6,408.00	Pending
	1110	Lower Hallway Ceilings	\$720.00	Pending
	1111	Downspout Drains at Library	\$1,170.00	Pending
	1112	Blinds	(\$1,538.00)	Pending
	1113	Column Wraps	\$1,033.00	Pending
	1114	Water Sterilization	\$3,674.00	Pending
	1115	Library Storm Line	\$0.00	Not Submitted by JFK
	1116	Tie in to Mansard Roofing	\$3,790.00	Pending
	1117	Window Recess at Stair #1	\$0.00	Not Submitted by JFK
	1118	Grade Changes at Lower Level Entrance	\$3,923.00	Pending
	1119	Interest Cost on Borrowed Funds	\$14,347.00	Pending
		TOTAL	\$582,652.00	